CORRESPONDENCE/MEMORANDUM

DATE: May 15, 2000 FILE REF: 4519-22bv23

TO: Natural Resources Board

FROM: George E. Meyer

SUBJECT: Proposed Rules Supporting Wisconsin's Plan to Attain the 1-Hour Ozone Standard

1. INTRODUCTION

This plan represents an important milestone in addressing eastern Wisconsin's long-standing ozone problem. It focuses on providing a demonstration of attainment of the national ambient air quality standard for 1-hour concentrations of ozone by 2007 and maintenance of the standard thereafter. It also achieves federally mandated deadlines to reduce emissions of volatile organic compounds (VOC) and nitrogen oxides (NOx) for the milestone years of 2002, 2005 and 2007. **Table 1** shows the maximum VOC and NOx emissions in 2002, 2005 and 2007 that are allowable under federal rate-of-progress requirements.

Table 1 - Rate-of-Progress Requirements for 2002 through 2007

	2002		2005		2007	
Maximum Allowable Emissions	**VOC** *(Tons/Day)* **234**	**NOx** (Tons/Day) **368**	**VOC** *(Tons/Day)* **225**	**NOx** *(Tons/Day)* **340**	**VOC** *(Tons/Day* **218**	**NOx** *(Tons/Day)* **324**
Overall Reduction Required from Base Year (1990)	**36%**		**45%**		**51%**	

The requirements of EPA's NOx SIP Call issued in 1998 do not currently apply to NOx sources in Wisconsin by virtue of a decision issued by the US Court of Appeals for the District of Columbia in March 2000. This decision reinstated the application of the EPA's NOx SIP Call to major NOx sources in states upwind of Wisconsin, but exempted Wisconsin NOx sources, since EPA could not demonstrate that Wisconsin sources significantly contribute to violations of the 1-hour ozone standard in downwind states.

This plan is designed to assure that NOx and VOC emissions from sources in Wisconsin, in conjunction with anticipated VOC and NOx emissions from sources in upwind states, do not cause violations of the 1-hour ozone standard. The plan assumes that the NOx SIP Call issued by USEPA is upheld. This plan is not designed to achieve future federal requirements related to 8-hour ozone

concentration, fine particulate matter or regional haze, even though actions taken to implement the plan may reduce these problems. The plan includes elements that:

- Demonstrate improved air quality sufficient to attain the 1-hour ozone standard by 2007;
- Achieve the federally mandated rate-of-progress (ROP) deadlines for reducing VOC and NOx emissions in the milestone years of 2002, 2005 and 2007;
- Establish VOC and NOx emission budgets for stationary, mobile and area sources in 2002, 2005 and 2007;
- Establish Reasonably Available Control Technology (RACT) requirements for VOC emissions from industrial solvent clean-up operations in southeastern Wisconsin;
- Revise NR 410 to establish a federally mandated excess emissions fee of $5000/ton of VOC for major source emissions in southeastern Wisconsin if this area remains in nonattainment for ozone in 2008.

Several stakeholders have questioned the need for Wisconsin to satisfy federal rate-of-progress (ROP) requirements in 2002, 2005 and 2007, in light of Wisconsin's ability to demonstrate through modeling that the state will attain the 1-hour ozone standard in 2007 assuming upwind states fully comply with the NOx SIP call. Therefore, the Department has reviewed the applicable Clean Air Act provisions for ozone control plans to determine if ROP requirements must still be implemented for each ozone nonattainment area through 2007.

The Rate-of-progress (ROP) [or "reasonable further progress", as referred to in the Clean Air Act at 42 USC 7511a (c)(2)(B)] is one of several specific requirements for ozone control plans. Other similar requirements include the Enhanced Inspection/Maintenance (I/M) program for motor vehicles [required by 42 USC 7511a (c)(3)], Reasonably Available Control Technology emission limits for major sources, e.g., 25 tons of VOCs in severe ozone nonattainment areas [required by 42 USC 7511a (b)(2)], and gasoline vapor recovery programs, i.e., VOC emission controls on gasoline dispensing equipment, [required by 42 USC 7511a (b)(3)]. These specific emission control measures have been incorporated into Wisconsin's ozone control plan, as required by the Clean Air Act.

The language of the ROP provision of the Act clearly indicates that the reductions must be made at a rate "equal to [at least 3 percent of baseline emissions each year] averaged over each consecutive 3-year period…***until the attainment date***". The ROP requirement, like analogous language for other similar requirements for ozone control plans, mandates that these emission control measures apply in a nonattainment area in order for the state's ozone control plan to be approved as demonstrating attainment of the ozone standard.

In summary, even though modeling results indicate that southeastern Wisconsin will attain the 1-hour ozone standard in 2007, assuming the compliance of upwind states with the NOx SIP call, without the benefit of ROP reductions, the language of the ROP provisions in the Clean Air Act require that Wisconsin achieve emission reductions averaging 3 percent per year until the attainment date of 2007.

2. NOx EMISSIONS CONTROLS

This plan includes controls on sources in Wisconsin only to the extent needed to meet and maintain the 1-hour ozone standard. This plan is based on the assumption that major NOx sources in upwind states are required to achieve the limit of 0.15 lbs of NOx /MMBTU as set forth in EPA's NOx SIP Call. This plan was developed through application of mathematical models used by the Lake Michigan Air Directors Consortium (LADCO) to predict ozone formation and transport. If there are significant changes in the NOx SIP Call requirements as a result of pending litigation (which is unlikely to be resolved before December 31, 2000, (the submittal deadline for this plan)), this plan will need to be revised because the ROP reductions in this proposed plan will not be sufficient to attain the 1-hour standard.

Controlling NOx from Stationary Sources

The proposed NOx controls for major sources are driven by a federal requirement to achieve stepped emission reductions between 1999 and 2007, using a maximum milestone interval of 3 years. By 2007, the aggregate reductions must also ensure achievement of the 1-hour ozone standard. The most recent technical evaluations of various options for attaining the ozone standard indicate a need to focus the emissions control effort on NOx sources as well as VOC sources.

NOx controls are proposed for sources in the nine counties of southeast Wisconsin designated as either severe or moderate ozone nonattainment areas under the Clean Air Act. These nine counties are called the "Primary Ozone Control Region". The Department is recommending that the proposal to be taken to public hearing also request comment on creating a Secondary Ozone Control Region and an Ozone Maintenance Region. The Secondary Control Region includes 21 counties in the state that contain VOC and NOx sources that directly affect peak 1-hour ozone concentrations in the nonattainment counties. The region stretches from Crawford County in the southwest, diagonally northeastward, to Door County. The Ozone Maintenance Region consists of the remaining 42 counties of the state which contain VOC and NOx emission sources that may have an impact on ozone levels in the nonattainment counties (the Primary Ozone Control Region). **Figure 1** on page 4 is a map that shows the counties in the Primary and Secondary Ozone Control Regions and the Ozone Maintenance Region. The geographic extent of the emission controls and the type of controls in the proposal presented to the Board last month generated a great deal of discussion with stakeholders. The three regions being proposed now (and the corresponding emission controls for each region) reflect the Department's evaluation of the issues raised on that earlier draft proposal.

There are three principal components to the NOx controls: performance standards for existing sources, performance standards for new sources, and offset requirements for new sources. To ensure attainment and maintenance of the 1-hour standard after 2007, the plan includes NOx controls for major stationary sources in the Primary Ozone Control Region and offsets and new facility performance standards for sources in the Secondary Ozone Control Region. These NOx controls are designed to limit growth in emissions to a level consistent with the air quality analysis performed for the region. The updated proposal sets corporate, system-average, NOx emission rates for the major electric generation units in the Primary Ozone Control Region, for the ROP milestone years of 2002, 2005 and 2007. The plan establishes performance standards for major existing NOx sources not addressed by the system-

average limits in the Primary Ozone Control Region. The plan requires performance standards for NOx emissions for new facilities, which are not subject to limits based on lowest achievable emission rate (LAER) or best achievable control technology (BACT). The plan also requires NOx offsets of 1:1 for installations permitted after January 1, 2001.

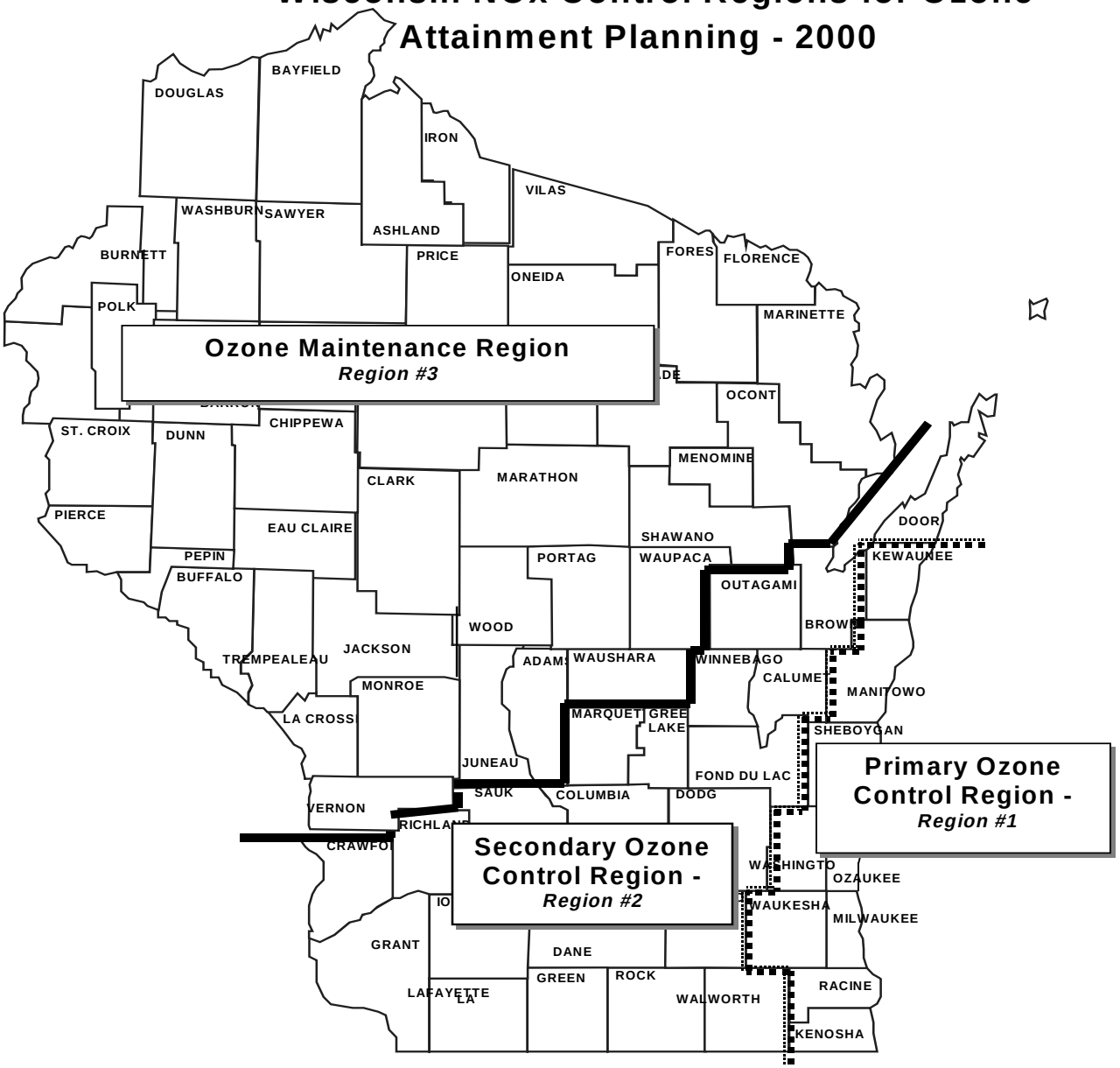
The proposed system-average NOx emission controls incorporate NOx reduction credit trading as an alternate compliance tool for sources adopting adequate NOx emission monitoring and tracking systems. The rates proposed as options for ROP for the 2002, 2005 and 2007 milestone years incorporate the need for a sliding 3% ROP contingency. The proposed NOx limits and performance standards are based on fuel type, combustion unit type, and size.

Proposed options for achieving the 2002, 2005 and 2007 ROP milestones will be considered at the public hearings. The options range from a modest control level focused on a broad range of sources in the applicable region to a robust effort that reflects tighter controls, on a smaller number of the largest NOx sources.

Appendix 1 contains information on the level of emission control being proposed for various source categories in the primary and secondary ozone control region and the ozone maintenance region. **Appendix 2** includes proposed NOx emissions limitations for stationary sources in the primary control region needed to assure compliance with the 1-hour ozone standard by 2007 and to maintain it thereafter. **Appendix 3** contains detailed information on various options for meeting ROP requirements. **Appendix 4** contains detailed information on the 1-hour ozone levels predicted by the LADCO models in regard to the attainment of the 1-hour standard; the predicted 8-hour ozone levels that result from implementing this plan; and the impacts of emissions from sources in the Secondary Ozone Control Region on ozone concentrations in the Primary Ozone Control Region.

FIGURE 1

Wisconsin NOx Control Regions for Ozone Attainment Planning - 2000



Controlling NOx from Motor Vehicles

While the current motor vehicle inspection program tests for VOC and NOx emissions, at this time there are no enforceable limits on NOx emissions (NOx cutpoints). These limits were suspended in December 1995 when the ozone standard attainment strategy was refocused exclusively on VOC control. Implementing NOx cutpoints has been the subject of extensive stakeholder dialogue since 1998 when this option was evaluated for inclusion in the plan required by EPA's NOx SIP Call.

Repairs needed to meet NOx cutpoints have been found to be highly cost-effective in relation to other potential NOx and VOC controls for the mobile sector. Therefore, one option to be taken to hearing to meet the ROP requirements for 2002, 2005, 2007 will include implementation of NOx cutpoints starting on May 1, 2001. This option will result in a reduction of approximately 12 tons per day of NOx. This is approximately 18% of the 66 ton per day reduction of NOx required between 1999 and 2002. While creditable NOx reductions from NOx cutpoints will decline to approximately 6 tons per day in 2007 (due to the introduction of vehicles with lower emissions), the cutpoints are one of the most viable NOx reduction options available for 2002. If NOx cutpoints are not used to meet ROP requirements for 2002, an equivalent level of reduction will be required of other sources.

Table 2 on page 7 provides information on key aspects of the options to be taken to hearing to meet the ROP requirements for 2002, 2005 and 2007. Table 2 provides a comparison of the degree of NOx reduction required at stationary sources including large electrical generating units (EGU's) with and without NOx cutpoints being effective in 2001.

Transportation Conformity

The Clean Air Act (CAA) requires a showing that regional transportation plans, and Transportation Improvement Programs, conform to the emissions budgets for the mobile sector for the milestone years of 2002, 2005 and 2007. These emissions budgets are required to be included in this plan. Conformity assessment follows a coordinated, consultative process involving the Departments of Transportation and Natural Resources, the regional planning entities for areas with air quality problems, EPA and the Federal Highway Administration.

Conformity budgets must address both VOC and NOx emissions for all ozone nonattainment areas designated under the CAA. These budgets need to reflect reasonably consistent planning assumptions between the Air Quality and Transportation planning processes and reflect the impact of emission forecasts and emission control programs incorporated into ROP plans and attainment demonstrations. The proposed Mobile Sector Budgets for 2002, 2005 and 2007 are compared to the aggregate ROP and stationary source budgets in Appendix 3. The proposed mobile sector budgets reflect updated mobile sector emissions modeling and vehicle miles traveled (VMT) projections that are similar to those in the Phase 2 Attainment Demonstration that the Department submitted in January, 2000 to EPA for approval.

Extensive dialogue with stakeholders resulted in refined mobile sector projections reflecting existing and proposed mobile sector emission control components and updated VMT projections to use for the milestone years of 2002, 2005 and 2007. The revised budgets and projections in the plan will replace

the budgets and projections that are in the Phase 2 Attainment Demonstration after they are approved by EPA.

TABLE 2 - OPTIONS FOR MEETING RATE-OF-PROGRESS REQUIREMENTS

NOx Control Options to Meet ROP	**Option 1A** EGUs and Large Industrial Sources	**Option 1B** Focus on Large EGUs	**Option 2A** EGUs and Large Industrial Sources	**Option 2B** Focus on Large EGUs
	With NOx Cutpoints Includes Performance Standards in 2001 for New Facilities **Cutpoints = 12 tpd in 2002, 9 tpd in 2005 & 6 tpd in 2007**		**Without NOx Cutpoints** Includes Performance Standards in 2001 for New Facilities	
2002 NOx Budget 368 tpd with 66 tpd Reduction Objective	EGU Compliance Rate: **0.30** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.27** lb/mmbtu No Performance Standards	EGU Compliance Rate: **0.26** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.24** lb/mmbtu No Performance Standards
2005 NOx Budget 340 tpd with 71 tpd Reduction Objective	EGU Compliance Rate: **0.28** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.25** lb/mmbtu No Performance Standards	EGU Compliance Rate: **0.25** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.23** lb/mmbtu No Performance Standards
2007 NOx Budget 324 tpd with 74 tpd Reduction Objective	EGU Compliance Rate: **0.27** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.24** lb/mmbtu No Performance Standards	EGU Compliance Rate: **0.24** lb/mmbtu Performance Standards for Existing Facilities are Fully Implemented	EGU Compliance Rate: **0.22** lb/mmbtu No Performance Standards

3. CONTROLS FOR INDUSTRIAL SOLVENT CLEAN-UP, INK MANUFACTURING AND PLATIC PARTS COATING

The Clean Air Act requires that states establish Reasonably Available emission Control Technology (RACT) for major sources of VOC emissions that are located in certain nonattainment areas. RACT is defined as the lowest emission rate required of a source considering technological and economic feasibility. Three categories of sources of VOC emissions that were not included in previous ozone attainment plans must now be controlled to RACT levels. They are industrial solvent clean-up, ink manufacturing and plastic parts coating.

Revisions to Chapter NR 423 are being proposed to establish RACT requirements for VOC emissions generated at solvent cleanup operations located in the primary ozone control region. The proposed rule will rely upon emission restrictions, operational practices, control systems and record keeping requirements. In this case, emissions restrictions are essentially equivalent to VOC content or volatility limitations for industrial cleanup solvents. These limitations will encourage material substitutions toward industrial cleanup solvents with lower VOC content or potentially with lower vapor pressure. Compliance with this RACT requirement is estimated to reduce VOC emissions in the nonattainment counties in the range of 0.1 tons per day to 0.6 tons per day.

Several different industrial sectors use clean-up solvents including fabricated metal products, except machinery and transportation equipment; chemicals and allied products; printing, publishing and allied industries; industrial and commercial machinery and computer equipment; and furniture and fixtures. A stakeholder review effort has been initiated to elicit technical advice and comment on the proposed rule. This proposal is not anticipated to result in a major level of effort in regard to compliance cost or record keeping.

The Department is pursuing administrative consent orders to achieve the RACT requirements for VOC emissions at ink manufacturing and plastic parts coating operations. An analysis of ink manufacturers in the nonattainment area identified one source qualifying for RACT restrictions. That company owns and operates equipment used to mix, transfer and store ink and ink ingredients containing VOC. RACT for Ink Manufacturing requires lids on all equipment used for mixing ink and ink ingredients. This order will likely be finalized before the Ozone Attainment Demonstration is submitted to EPA in December, 2000. VOC reductions from this order are projected at approximately 0.1 tons per day. Administrative consent orders establishing RACT for VOC emissions from the major plastic parts coating operations are also likely to be finalized before December, 2000. VOC reductions from these orders are projected at less than 0.1 tons per day during the ozone season.

If the Ink Manufacturing or Plastic Parts Coating orders are not finalized and in effect by December, 2000, or if the number of sources identified grows significantly, an expedited rule development process will be needed to establish RACT for these categories so the requirements can be effective by May 1, 2002.

4. EXCESS VOC EMISSIONS FEE

The proposed plan includes revisions to s., NR 410.06, Wis. Adm. Code, to satisfy a provision of the Clean Air Act that requires major VOC sources, under certain conditions, to pay an excess emissions fee of $5000/ton of VOC. The fee would apply to the portion of their emissions beyond 80% of an annual 2007 baseline level as defined in the rule. The fee applies to sources with more than 25 tons of VOC emissions per year located in the six severe nonattainment counties of Kenosha, Milwaukee, Ozaukee, Racine, Washington and Waukesha. The fee activates if the area remains in nonattainment for ozone in 2008 and thereafter. The fee is incorporated into the emissions inventory fee structure and would not apply in 2008 if the area receives a formal one-year extension to reach attainment.

5. STATE IMPLEMENTATION PLAN (SIP) REVISIONS FOR OZONE

By December 31, 2000, Wisconsin is required to submit to EPA revisions to its State Implementation Plan (SIP) that will result in the attainment of the one-hour ozone standard throughout Wisconsin. These plan revisions, and their associated rules and programs, represent the third phase of a series of attainment demonstrations developed to address the one-hour ozone problem in eastern Wisconsin. These air quality improvement strategies combine federal, regional and local emission controls sufficient to demonstrate attainment of the one-hour ozone standard by 2007. At the present time, the following counties are designated as severe nonattainment areas for the one-hour ozone standard: Kenosha, Manitowoc, Milwaukee, Ozaukee, Racine, Washington and Waukesha. Sheboygan and Kewaunee Counties were originally designated moderate areas. Walworth County was designated marginal, and Door County was designated as a marginal, rural transport area.

Kewaunee, Walworth, and Sheboygan Counties were reclassified as attainment based on air quality improvement that occurred during the mid-90's, without the benefit of a formal regional ozone attainment demonstration. For Door County, EPA revoked the 1-hour standard based on 1995 to 1997 air quality data after the 8-hour standard was promulgated. This was based on a presumption that the 8-hour standard and NOx SIP Call would be driving regional ozone plans and would ensure regional attainment by 2007. EPA has recently proposed that Door County should be reclassified to marginal rural transport and Sheboygan County should revert to a maintenance area.

The Department previously adopted a series of VOC emission reduction measures to improve air quality in eastern Wisconsin and to meet intermediate VOC control targets required by the 1977 and 1990 Clean Air Act amendments. Now in order to attain the one-hour ozone standard, modeling shows further reductions of VOC and NOx emissions must be pursued in Wisconsin and in upwind states. The level of VOC and NOx emissions that must be achieved in 2002, 2005 and 2007 and the options for achieving those levels for the stationary and mobile source sectors are shown in **Table 2**. The options address a 3% contingency as part of ROP.

Current ozone formation ("photochemical") modeling for the Lake Michigan region indicates Wisconsin areas can demonstrate timely attainment and assure continued maintenance of the 1-hour ozone standard under the various assumptions and options of this proposed plan revision. An overview of the ozone modeling effort is part of **Appendix 4**.

This SIP revision does not address the ambient air quality problem in Wisconsin associated with exposure to ozone concentrations above an average of 0.08 ppm over an 8-hour period. There is a well-established negative public health impact associated with such repeated exposures. A long-standing effort to address that problem led to promulgation of the 8-hour ozone standard by EPA in 1997 as required by the Clean Air Act. While the 8-hour standard is the subject of ongoing litigation in federal court, its still prudent to determine how "close" this 1-hour Ozone Attainment Plan comes to meeting the 8-hour standard. Details on this topic are found in **Appendix 4**.

6. POTENTIAL AFFECTED PARTIES AND STAKEHOLDER INPUT

As part of the ozone planning process during the last several years, all significant NOx and VOC emission sectors, including mobile, stationary, and area sources have been the subject of emission control evaluations for the period 2001 through 2007. Recent evaluations have focused primarily on stationary source NOx control. Department staff received extensive stakeholder input on the form and levels of the NOx emission limits proposed and will be continuing that effort to refine a final proposal for adoption. Significant levels of additional VOC control will take longer to develop and will be more expensive to pursue on a ton-for-ton basis.

Stakeholder groups that have been involved in the development of the NOx control elements in the plan include electric utilities, the Wisconsin Paper Council, Wisconsin Manufacturers and Commerce and the Department of Administration, the Department of Transportation, the Public Service Commission, the Department of Commerce, and other state and local agencies. Outreach for development of RACT rules for VOC emissions include a more focused stakeholder effort for eastern Wisconsin. If added VOC controls (beyond the current RACT effort) become necessary, statewide associations representing the operators that might be affected by VOC content or volatility limits would be invited to help identify stakeholders to participate in a new initiative.

7. PRIOR INVOLVEMENT OF THE NATURAL RESOURCES BOARD

The Board has previously adopted several sets of administrative rules to address the requirements of the Clean Air Act related to ozone attainment. The ROP plans for 1996 and 1999 focused on VOCs and the vehicle emissions testing program. Those efforts were directed at emission reductions in and surrounding the nonattainment counties and did not address regional ozone transport or reductions in regional ozone levels. This plan represents an effort to assure continued reduction in ozone levels to meet the standard by establishing limitations on NOx emissions.

The Department also worked with stakeholders in 1999 to respond to EPA's NOx SIP Call. In April, 1999 the Board authorized hearings on proposed rules needed to implement the NOx SIP Call that focused on electric utility and large industrial sources of NOx in 22 states in the eastern U.S. That regulatory effort is on hold pending the outcome of federal litigation.

This proposal is quite similar to the draft ozone attainment plan presented to the Board as an informational item last month. The changes to that draft are as follows:

1. Narrowing the application of the proposed performance standards for existing facilities exclusively to sources in the Primary Ozone Control Region and revising the fiscal estimate to reflect that change.

2. Defining more precisely the proposed performance standards for existing facilities by specifying emission limits applicability and combustion optimization/tune-up requirements.

3. Combining the Primary and Secondary Ozone Maintenance Regions into a single Ozone Maintenance Region because the proposed requirements for that region are the same under all options and include only new facility performance standards.

4. Accounting for the most recent EPA guidance for estimating mobile sector emissions by slightly adjusting the proposed mobile sector budgets for 2005 and 2007 (differences range from 1 tpd NOx in 2005 to 2 ½ tpd in 2007) and slightly adjusting the I/M cutpoint benefit projected for 2005 (from 8 tpd to 9 tpd).

5. Slightly adjusting the most stringent potential 2007 EGU system-average emission rate from 0.23 to 0.22 lbs/mmbtu to reflect an absolute 2007 EGU budget for NOx that does not increase from 2005 to 2007. This change reflects a 3 tpd difference from the draft plan.

6. Including in Appendix 4 an analysis of the impact of NOx emissions from the Secondary Ozone Control Region on ozone levels in the Primary Ozone Control Region.

8. FISCAL IMPACTS

The proposed rule could affect state government in terms of the costs incurred by the Department of Administration (DOA) in reducing NO_x emissions from six boilers used for heating and cooling at University of Wisconsin facilities. These facilities may be able to reduce NO_x emissions by an estimated 10 to 30 percent from 1995 levels through the implementation of the proposed combustion optimization/tune-up performance standards. These actions are estimated to yield a net cost savings based on fuel efficiency and maintenance improvements but may lead to direct cost of less than $1000 per year.

The proposed rule could also affect local government because Manitowoc Public Utilities owns and operates three sources in the Primary Ozone Control Region affected by the performance standards emission rate limits. The potential total annual cost of compliance for the Manitowoc utility is expected to range from a estimated net cost savings of $40,000 due to fuel and maintenance savings to a maximum direct control cost of $30,000 per year.

Fiscal Estimate – NOx Controls at Government-Owned Facilities

Government Source	NOx Reduction – *Proposed Performance Standard* (Tons per Day)	Total Annual Cost ($)	$/ton Reduction
Manitowoc Public Utility	1.0	(-40,000) to 30,000	(-200) to 140
Dept of Administration	0.01 to 0.1	(-10,000) to 1000	(-5,000) to 40

In terms of program management costs, the Department of Natural Resources is responsible for implementing this plan after it is adopted. Staff in the Bureau of Air Management will be able to oversee the implementation of the new plan as part of their ongoing responsibilities to achieve the 1-hour ozone standard and to issue permits connected with that objective.

9. ENVIRONMENTAL REVIEW FOR POTENTIAL IMPACT

An environmental analysis of the impact of the proposed rule revisions is not needed because these changes are considered to be a Type III action under s. NR 150.03(3), Wis. Adm. Code. A Type III action is one that normally does not have the potential to cause significant environmental effects, normally does not significantly affect energy usage and normally does not involve unresolved conflicts in the use of available resources.

10. SMALL BUSINESS ANALYSIS

Small businesses will not be directly affected by the proposed rules for controlling VOC and NOx emissions. The regulations for NOx control would apply to industries large enough to have existing steam boilers, industrial process heaters, furnaces, combustion turbines or stationary reciprocating engines with at least 50 million BTU per hour (or equivalent) of heat (energy) input. The RACT regulations for VOC control apply to major sources. Some indirect impact, due to slight changes in electricity rates, may be experienced by small businesses. However, the cost of control for newly installed or completely refurbished equipment in the proposal is significantly less than the retrofit cost for existing units and such costs would be subject to the same tax incentives and extended amortization

as the expenditures for the core combustion unit. Requirements proposed regarding best combustion management practices are anticipated to result in aggregate cost savings for fuel and maintenance.

11. COMPARISON WITH FEDERAL REQUIREMENTS

The proposed revisions to the state NOx emission control program, as set forth in NR 428, are needed to meet provisions in the federal Clean Air Act that require the state to craft and implement a Plan to meet the one-hour ambient air quality standard for ozone. The CAA requires attainment of that standard as expeditiously as practicable, but not later than 2007. The CAA requires that minimum ROP milestones be met in the period before attainment and that contingency measures are implemented in the event these ROP plans do not achieve timely reductions. The CAA also requires the ozone attainment plan to include components that assure maintenance of the standard beyond 2007. Therefore, the proposed plan meets and does not exceed federal requirements.